ANNUAL REPORT · 1967

Massey-Ferguson Limited

Record crops, such as the 4.7 billion bushel corn (maize) harvest expected in the United States this season, highlight modern agriculture's continually increasing demand for larger machines and tractors.

Productivity on this immense scale is made possible, in large measure, by high-performance machines and implements of the types shown on these and succeeding pages.

The MF 1100 tractor (below) is one of two MF models in the over-100 engine horsepower range. Tractors of this size are required by many of today's larger mounted and trailed implements, and as agriculture's need for power expands, tractors will grow accordingly. The average engine horsepower of tractors now sold in North America is approximately 75. By 1974, this figure is expected to rise to 92, which will mean top-of-the-line ranges in the order of 195 to 207.

The MF 510 combine with 8-row corn head attached (right), operated by one man, can pick and shell 1,000 bushels of corn an hour. By comparison, one man would be hard pressed to hand-pick 100 bushels a day. The larger corn heads are designed to accommodate the recent trend to planting corn in narrow rows — down to 20 inches — as opposed to the traditional 40 inches.

CONTENTS

FRONT COVER: this design, patterned on MF's triple triangle symbol, reflects the company's basic three-product structure — farm machinery, industrial and construction machinery, and engines.

BACK COVER: the power-take-off on a Massey-Ferguson tractor is used to operate an irrigation pump on a farm near Salisbury, Maryland, U.S.A.

The Annual Meeting of Shareholders will be held in the Canadian Room, Royal York Hotel, Toronto at 12 o'clock noon on March 4, 1968.

TRANSFER AGENTS AND REGISTRARS

COMMON SHARES	TRANSFER AGENTS	REGISTRARS
Toronto, Vancouver, Winnipeg	National Trust Company Limited	Crown Trust Company
Montreal	Canada Permanent Trust Company	Crown Trust Company
New York	The Canadian Bank of Commerce Trust Company	Morgan Guaranty Trust Company of New York
London, England	The British Empire Trust Company, Limited	Lazard Brothers & Co., Ltd.

THE DEVELOPING WORLD needs many things, but perhaps above all it needs skilled people. This agricultural school at Buga, Colombia, contains a farm mechanization centre which is one of the most ambitious of its kind in South America. The centre is a joint project of the Freedom from Hunger Campaign of the United Nations Food and Agriculture Organization; a Colombian government agency, Servicio Nacional de Aprendizaje (SENA); and Massey-Ferguson, which has committed approximately $300,000, largely in farm equipment. The aim of the centre is to help South America overcome its acute shortage of skilled agricultural technicians, and thus speed the process of farm mechanization. Operating at full capacity the centre will house and teach 500 students annually, chosen primarily on the basis of recommendations from South American government departments or educational institutions. On their return home the trainees will serve as instructors in farm mechanization, supervisors on agricultural projects, or government farm machinery extension officers.

Massey-Ferguson Limited

200 UNIVERSITY AVE., TORONTO 1, CANADA

DIRECTORS

*Albert A. Thornbrough
President and Chief Executive Officer

*E. P. Taylor
Chairman, Executive Committee

The Marquess of Abergavenny
Hon. Leslie M. Frost, Q.C.
*A. Bruce Matthews
K. C. Tiffany
Henry Borden, Q.C.
Charles L. Gundy
*John A. McDougald
H. A. Wallace
H. J. Carmichael
Gilbert W. Humphrey
*Maxwell C. G. Meighen
T. M. Ware
Lord Crathorne
John D. Leitch
W. K. Mounfield
*Colin W. Webster

**Member Executive Committee*

CORPORATE MANAGEMENT

Albert A. Thornbrough
President and Chief Executive Officer

K. C. Tiffany
Senior Vice President and Vice President Finance & Administration

J. E. Mitchell
Group Vice President Industrial & Construction Machinery

M. I. Prichard
Group Vice President Engines

J. G. Staiger
Group Vice President Farm Machinery

H. A. Wallace
Vice President Manufacturing

J. A. Belford
Vice President Personnel & Industrial Relations

J. J. Jaeger
Vice President Research & Development

H. G. Kettle
Vice President Public Relations

R. W. Main
Secretary

G. K. Blair
Comptroller

L. J. Boon
Director Special Operations

H. A. R. Powell
Managing Director Massey-Ferguson Holdings Limited

S. R. Wilson
Director Management Structure and Processes Director Logistics

J. A. Evans
Director Legal Services

C. L. Baker
Director Engineering Farm Machinery Group

J. D. Goodson
Director Marketing ICM Group

T. G. Granryd
Director Engineering ICM Group

G. E. Smith
Director Engineering Engines Group

J. Winstanley
Director Marketing Engines Group

OPERATIONS MANAGEMENT

FARM MACHINERY; INDUSTRIAL AND CONSTRUCTION MACHINERY

AUSTRALIA — H. P. Weber, General Manager

BRAZIL — J. E. Williams, General Manager

FRANCE — H. Vajk, General Manager

GERMANY — R. A. Diez, General Manager
Dr. R. Durrer, Assistant General Manager

ITALY — Dr. F. Fadda, General Manager

MEXICO — W. Reed-Lewis, General Manager

NORTH AMERICA — J. G. Staiger, General Manager (Farm Machinery)

SOUTH AFRICA — Dr. L. Knoll, General Manager

UNITED KINGDOM — J. W. Beith, Vice President and General Manager
Dr. B. F. Willetts, Deputy General Manager

EXPORT — P. J. Wright, Vice President and General Manager

INDUSTRIAL AND CONSTRUCTION MACHINERY

ITALY — Dr. F. Fadda, General Manager

NORTH AMERICA — J. E. Mitchell, General Manager

ENGINES GROUP

General Managers responsible for area coordination

NORTH AMERICA — M. I. Prichard (Acting)

NORTHERN EUROPE — T. H. R. Perkins

SOUTHERN EUROPE — P. Poniatowski

LATIN AMERICA — V. O. Griffin

INTERNATIONAL OPERATIONS — H. Lymath

NORTH AMERICAN FINANCE OPERATIONS

J. P. Wleugel — General Manager

CONSOLIDATED FINANCIAL HIGHLIGHTS

	1967	1966
OPERATING SUMMARY (MILLIONS OF DOLLARS)		
Net sales	**$913.3**	$932.1
Profit before taxes	**40.3**	63.1
Net income	**26.6**	45.2
FINANCIAL STATUS (MILLIONS OF DOLLARS)		
Net current assets	**$353.7**	$365.0
Long-term debt	**172.7**	147.1
Capital and retained earnings	**437.2**	428.6
PER COMMON SHARE		
Net income — based on shares outstanding at year end	**$ 1.47**	$ 2.50
Dividends paid	**1.00**	1.00
Equity	**24.11**	23.64
STATISTICAL DATA		
Average number of employees	**45,080**	46,242
Number of shareholders	**42,304**	40,186
Common shares *(Thousands)* — outstanding at year end	**18,131**	18,129

Canada's 1967 wheat crop is estimated at 592.9 million bushels, 36 per cent less than the previous year's record harvest but still above the average of 560.3 million bushels for the past 10 years. In the photograph, a team of Massey-Ferguson self-propelled combines stream chaff as they pick up and thresh swathed-wheat in Saskatchewan.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

FOR THE YEAR ENDED OCTOBER 31, 1967

Your Directors are pleased to present this report on the consolidated operations, financial results and condition of Massey-Ferguson Limited for the year ended October 31, 1967. Preliminary results of consolidated sales and income for the year were announced December 20, 1967.

Consolidated sales of all product groups for the 1967 period were $913.3 million compared with $932.1 million last year, a decline of 2 per cent.

The 1967 fiscal year was the first year over the past decade in which your company was not able to increase consolidated sales. Certain adverse situations affected sales in both North America and in Europe. In North America sales of industrial and construction machinery and of engines showed sharp declines, while farm machinery sales were held to a level just below that of last year. Farm machinery sales, however, were markedly affected in almost all markets in Europe. Combined sales of all product groups declined 3 per cent in North America and 8.3 per cent in Europe. The unfavourable factors in these two major markets, which more than offset constructive developments in Australia, Africa and Asia, precluded any overall sales increase. With generally increased costs and limited opportunity to increase prices, earnings for the year were significantly reduced.

Profit before taxes was $40.3 million compared with $63.1 million last year. The provision for income taxes was $13.7 million, an effective rate of 34.0 per cent compared with $17.9 million or a rate of 28.4 per cent in the 1966 fiscal period. The ratio of cost of goods sold to sales was 78.3 per cent compared with 77.5 last year.

Net income for 1967 was $26.6 million compared with $45.2 million last year. Net income per common share was $1.47 based on 18,131,000 shares outstanding at year-end compared with $2.50 per share on 18,129,000 shares outstanding October 31, 1966. Depreciation and amortization charged against income was $32.5 million compared with $30.2 million for the previous year. Engineering expenses at $24.7 million increased from $21.3 million. On November 18, after the close of the fiscal year, the government of the United Kingdom announced a 14.3 per cent devaluation of the pound in terms of the U.S. dollar, effective immediately. In a letter to shareholders on December 14 we stated that because sterling devaluation occurred prior to certification of 1967 results, the effects of devaluation would be included in the 1967 year. This has been done. The direct net result was a modest gain in the accounts so far as sterling devaluation itself was concerned. This satisfactory situation, and the avoidance of potentially substantial adverse effects, was brought about largely through the manner in which financing and trading relationships were carried out in the world-wide company.

Of more far-reaching consequences, of course, than the direct impact on our 1967 accounts will be the possible effects of sterling devaluation and related developments on our operations during 1968. We comment on aspects of sterling devaluation affecting future operations in the concluding portion of this report on the outlook for 1968.

Dividends of $1.00 per share were paid during 1967. At December 15, 1967 about 62 per cent of the shares were held by residents of Canada, 36 per cent by U.S. residents, and the balance held primarily in Europe.

In our 1966 annual report we noted that a new basic management structure incorporating three major product lines — farm machinery, industrial and construction machinery, and engines — would become effective November 1, 1967. Our experience during the past fiscal year confirms our belief that the new structure, enabling us to concentrate management attention more directly on each of the three separate product groups, will prove most effective.

The relative contributions of the three product groups to consolidated sales were as follows: farm machinery sales of $638.3 million, contributing 70 per cent of total sales, declined 4.4 per cent from $667.8 million last year; industrial and construction machinery contributing $79.2 million or 8.7 per cent, increased 5.7 per cent; and Engines Group, contributing $101.5 million or 11.1 per cent, rose 2.6 per cent. Sales of both ICM and Engines Group were records for any twelve-month period. It should be noted that parts sales of all product groups (not included in the foregoing figures) made a significant contribution of $94.3 million or 10.3 per cent, an increase of 4.2 per cent over last year.

About 80 per cent of total farm machinery sales was made in North America and in Europe, with sales in the former being somewhat larger than those in the latter.

In the United States 1967 gross farm income is expected to show a slight decline after a period of seven consecutive years of record annual incomes, and the figures for farmers' net income when available will undoubtedly show a more marked decline. Against this background, and with high interest rates and general economic uncertainties, farmer buying of new equipment was restrained and MF sales of farm machinery in the United States were only about 1 per cent ahead of last year. In Canada, reflecting similar conditions together with some drought areas, sales fell about 9 per cent. Combined sales of Canada and the United States were almost equal to those of last year.

In Europe, the German economy was in recession in 1967, the United Kingdom was not achieving the hoped for improvement in its balance of payments problems, and the economies of other European countries were all under pressures from international monetary problems and continuing uncertainties about future trading relationships and

agricultural policies affecting the EFTA and Common Market countries. In these unfavourable circumstances, except for Italy where sales of farm machinery equalled those of last year, there were MF sales declines ranging from about 37 per cent in Germany to about 10 per cent in the United Kingdom, France and the rest of Europe.

In other markets outside North America and Europe environmental conditions were generally satisfactory or favourable for farm machinery. Australia and South Africa both showed further strong recoveries from the droughts which began affecting them two years ago; sales in Australia increased 14 per cent, and 37 per cent in South Africa, with the rest of Africa gaining about 20 per cent. Sales increased 22 per cent in Asia, and 5 per cent in Latin America, excluding Brazil. Governmental and inflationary policies in the latter country were primarily responsible for a sales decline of 10 per cent.

Your company continues to be the largest producer worldwide of tractor and combine units, and these two major lines of the farm machinery group continued to perform most satisfactorily during 1967 and maintained their leading competitive position. In the United Kingdom, where for many years we have achieved a large part of the tractor market, new high penetration levels were set. A number of improvements and additional features to these and other products were made during the year, and new products were introduced. These included a hydrostatic drive, replacing the conventional combine transmission, which improves efficiency with less operator effort; new six and eight-row corn heads designed to harvest corn planted in narrow, 20-inch, rows; a large rotary cutter designed primarily to shred and chop corn stalks six rows at a time; a new semi-mounted reversible plow; a new narrow row corn and soybean planter; a small German manufactured combine designed primarily for rice harvesting but suitable for other crops; and a heavy duty cultivator specially suited for Australian dry land cereal production. Just after the close of the fiscal year a Quick-Attach feature for combines was introduced which uses the combine hydraulics for attaching and detaching corn heads and tables.

New manufacturing facilities for farm machinery production were established during the year and improvements made to existing plants. In North America a new plant was acquired in Detroit for transmissions and axles and brought into production, and further work was undertaken on the Des Moines implement factory. In Europe the modernization program at Beauvais, France, was progressed and additional equipment installed in the tractor components factory at Baginton in the United Kingdom. A new foundry for gray iron, steel and malleable castings was built in Sunshine, Australia, and our South African operations opened a new plant in the Republic of Malawi for the partial manufacture of hoes and implements. In Brazil we assumed controlling interest in an implement production plant in Porto Alegre, and a 120,000 sq. ft. tractor assembly factory was built at Queretaro in Mexico and will be officially opened in February.

The Industrial and Construction Machinery Group contin-

The MF 12 baler and attached MF 22 bale thrower transforms hay baling and loading into a one-man, one-step field operation. Balers are essentially packaging machines which collect, compress and tie the crop into easily handled bales; the bale thrower is a tractor power take-off operated device which automatically tosses bales into a trailer thus eliminating a once laborious, time-consuming hand chore.

ued during 1967 to extend its activities and to confirm our expectations that this group of products will contribute increasingly and substantially to consolidated sales and earnings over the next several years. Despite no improvement from the depressed levels of housing starts and general building and construction in both North America and Europe which have obtained for the past two years, ICM sales have risen 35 per cent during this period, and increased 5.7 per cent to $79.2 million in 1967.

In North America, which is the largest ICM market, the general economic background was particularly unfavourable and sales declined 18 per cent. In Europe, however, greater product strength and extension of marketing activities resulted in significant percentage sales increases of 73 in United Kingdom, 40 in France, 17 in Germany and 79 in Italy. Italian operations and our facilities there have contributed substantially over the past few years to the development and production of ICM products and in March of this year an entirely new industrial and construction machinery plant at Aprilia, some 20 miles south of Rome, will be officially opened. This new facility of about 500,000 square feet will concentrate on production of crawler type units, and on heavier units of the product line which will be introduced during 1968, for world-wide markets. A new modern facility of 359,000 sq. ft. for the production of ICM Products was also acquired at Akron, Ohio, and is now in operation. Photographs of the new Aprilia and Akron plant and of some of the new products are shown on pages 10 to 13 of this report, together with further comment on activities of the Industrial and Construction Machinery Group.

In line with fairly widespread depression in the industrial equipment and commercial vehicle industries of the western world, on which Perkins relies for a substantial part of its market, sales of the Engines Group did not come up to expectations, although at $101.5 million they were slightly above 1966. Non-MF farm machinery customers of the Engines Group in Europe also had a troublesome year which reduced engine sales. Sales in the United Kingdom, however, were about 6 per cent ahead of last year. The sales decline in North America was about 13 per cent but only about 2 per cent in Europe.

Markets showed increasing growth in Australia and Turkey, and substantial improvement was achieved in Mexico where an associate company, Motores Perkins S. A. established in conjunction with Mexican interests of Automex, has made an extremely good start. With difficult economic conditions in India, manufacturing operations supported by components shipped from Peterborough, England, suffered substantially.

During the year engineering and field test facilities were completed at Peterborough, England. The new V8 510 cubic inch engine, the largest ever produced by Perkins, is now fully tooled and going into volume production. This fine engine has already made significant impact on world-wide customer potential and there is every indication that the demand for it will be most gratifying.

In our report to shareholders at the annual meeting in March 1967 we commented on the importance of asset utilization. We noted that the company was undertaking a program to improve the use of assets to support a given sales volume, which requires finding a better balance of production in-put, production lead times, timing and extent of pre-seasonal build-up of dealer receivables, degree of wholesale over-run of retail sales and so on. Progress in these activities was made in 1967 despite conditions, particularly in North America, which were not favourable for such a program, and it is satisfactory to record that consolidated trading assets were some $3 million lower at October 31, 1967 than at the close of the 1966 fiscal year, in keeping with the somewhat lower consolidated sales volume. Capital expenditures for the 1967 fiscal year were $53.2 million compared with $50.8 million last year. Details of these expenditures are included in the Financial Review section of this report.

At year-end contract renewal negotiations with unions were in progress in the United States and Canada. With regard to the Canadian negotiations, in the 1965 Annual Report we stated, "The international union's drive for . . . parity raises questions about the future of Canadian production facilities in the industry in relation to competitors located within the concentrated U.S. markets."

Early in 1966, the company commissioned economic consultants to study the consequences of wage parity on Massey-Ferguson's Canadian operations. This objective analysis by a Canadian firm of recognized professional competence was completed during 1967 and, in the face of the demand in Canadian negotiations for U.S. wage parity, wide distribution of the report was made among employees, legislators and the public. The consultants in summarizing their findings reported, "Detailed examination . . . of Massey-Ferguson costs and the pattern of competition that the company must meet in North America indicates that adjustment to wage parity in Canada could significantly alter the deployment and structure of its manufacturing processes in North America. It is inescapable that the company would have to make an exhaustive reappraisal of its Canadian operations and the economic desirability of gradually phasing out its plants in this country with unfortunate effects on employment and the balance of payments."

In the United Kingdom, successful negotiations of a term agreement were completed, to expire at the end of November 1968, covering manual employees in all plants. The new agreement provides improved opportunities for efficiency and control of costs. Local agreements incorporating new provisions were reached in Peterborough, Coventry, Manchester and Kilmarnock. Labour relations in operations in France continued to be stable and the one-year agreement at the Beauvais plant was renewed in December 1967 with extension for a two-year period. Under the indus-

try-wide agreement in Germany, wages were increased in January 1967, but a new agreement signed in November extends to March 1968 without further increase in wage and salary costs. The industry-wide agreement in Italy was also successfully renegotiated during the year. In South Africa, prolonged and difficult negotiations of an industry-wide agreement were continuing at year-end. There were no significant problems in the company's relations with unions in other areas.

Throughout the year attention was directed toward programs to improve personnel effectiveness within the company. Despite increased operational requirements, including staffing of new facilities and expansion in Italy, Perkins expansion in Canada and U.S. and creation of North American Finance Operations, a net reduction from 46,197 to 44,594 employees was achieved during the year.

During September 1967 the world conference of the Young World Food and Development project took place in Toronto, involving some 400 delegates from 85 countries, and bringing to a successful conclusion the series of six seminars held in Asia, Africa, Latin America, the Middle East, Europe and North America during 1966 and 1967. The project, designed to strengthen rural youth organizations in developing countries throughout the world, was carried out by the Food and Agriculture Organization of the United Nations and was supported, financially and otherwise, by your company as its contribution to the Canadian Centennial. The recommendations for action of the Toronto conference will now be progressed by FAO. We believe that effective implementation of these recommendations, while necessarily long-term, will contribute most importantly to solutions of world food problems.

It is of interest to note that the Royal Agricultural Society of the Commonwealth (RASC) held its biennial meeting in Toronto during 1967, with its President, H.R.H. The Prince Philip, Duke of Edinburgh, K.G., in the chair. Two Massey-Ferguson directors were delegates: The Marquess of Abergavenny as President of the Royal Agricultural Society of England, and John A. McDougald as President of Canada's Royal Agricultural Winter Fair.

A number of senior management changes and appointments have occurred during the year. J. W. Beith, formerly Managing Director Massey-Ferguson (Export) Limited, was appointed Managing Director Massey-Ferguson (United Kingdom) Limited, following the resignation of G. A. Hunt to take a senior position in British industry. At the same time Dr. B. F. Willetts was appointed Deputy Managing Director. P. J. Wright formerly Vice President Marketing and Product Management, corporate staff Toronto, succeeded Mr. Beith as General Manager of Export Operations. Appointed to senior corporate staff positions were T. G. Granryd and T. D. Goodson as Director Engineering and Director Marketing respectively in ICM Group; C. L. Baker as Director Engineering, Farm Machinery Group; and J. Winstanley and G. E. Smith as Director Marketing and Director Engineering respectively in Engines Group.

In November 1967 J. J. Chluski resigned his position as head of farm machinery operations in North America. J. G. Staiger, Group Vice President Farm Machinery, while continuing in this function, has reassumed his former position as General Manager of these activities in North America. The following appointments occurred after the close of the 1967 fiscal year: G. K. Blair formerly Treasurer to Comptroller; S. R. Wilson to a new position of Director Management Structure and Processes, while retaining for the time being his function as Director Logistics; J. P. Wleugel from Assistant Treasurer to General Manager, North American Finance Operations; and Dr. R. Durrer who joined the company January 1, 1968 as Assistant General Manager, German operations.

It is with regret that we record the death in October of Frank A. Perkins, founder of the Perkins group of companies, and until 1962 Chairman of F. Perkins Limited. We also note with regret the death on December 31, 1967 of the Rt. Honourable Vincent Massey, P.C., C.H., distinguished Canadian and former Governor-General, a direct descendant of the founder of the Massey company, and president of Massey-Harris Company from 1921 to 1925.

With regard to the outlook for 1968 we would not expect to see major changes in the early part of the year in the economic environments which have characterized our major markets during the past six months. In North America commodity prices are expected to continue at the present lower levels; tractor unit sales will continue to decrease but with increasing horsepower per unit so that dollar volume should remain relatively stable; combine sales in Canada should increase and remain steady in the United States. Inventory levels of farm machinery for the industry are expected to be at lower and more satisfactory levels than was the case during much of 1967. On balance we are cautiously optimistic for farm machinery prospects in North America for 1968. Should current forecasts of greater buoyancy in the United States economy for 1968 prove accurate, our sales of both industrial and construction machinery and of engines could show significant improvement.

Adjustments and developments arising from sterling devaluation will undoubtedly have a significant bearing on international trading relationships and on our own operations outside of North America during 1968.

MF as a leading exporter from the United Kingdom (the company exports approximately 76 million pounds sterling annually) will, as such, gain at least some near-term advantages on export of U.K. manufactured goods to non-devalued areas. Through a generally lower cost to the importing countries not devalued, increased volume of exports should be achieved from our large manufacturing operations in the United Kingdom.

There are, of course, certain offsets in the United Kingdom such as the cancellation of the export rebate effective April 1, 1968 and the termination of the selective employment

tax rebate effective the same date. There will also be increased costs of imported raw and partially processed materials and a possible acceleration of inflation. Additionally, our company imports into the United Kingdom certain farm machinery, and industrial and construction machinery from its plants in areas where no devaluation took place. On balance, however, the overall net result of sterling devaluation on MF's 1968 operations should be favourable. In the United Kingdom itself our product strength should ensure continuance of our high penetration of the tractor market in that country, but the extent to which increased sales of all product groups can be achieved will be largely dependent on the ability of the United Kingdom to secure significant and continuing benefits from devaluation and progressively strengthen its economy.

The depressed German economy shows signs of greater strength, and the environment in France should be more favourable in 1968. In Italy, with the opening of the new ICM plant we expect another successful and highly active year. On balance a modest upturn in 1968 in our European markets would seem probable. Operations in South Africa should continue buoyant with demand in Latin America, Africa and Asia remaining at satisfactory levels. Drought, however, has again created some uncertainty for Australia. We believe any marked or early change in the conditions of tight money, high interest rates and inflationary pressures which characterized the western world economy during 1967 would seem unlikely. The current international monetary situation makes forward estimating hazardous. Nevertheless, on balance, we look for a number of constructive developments during the year and we expect our sales and operating results to improve in 1968.

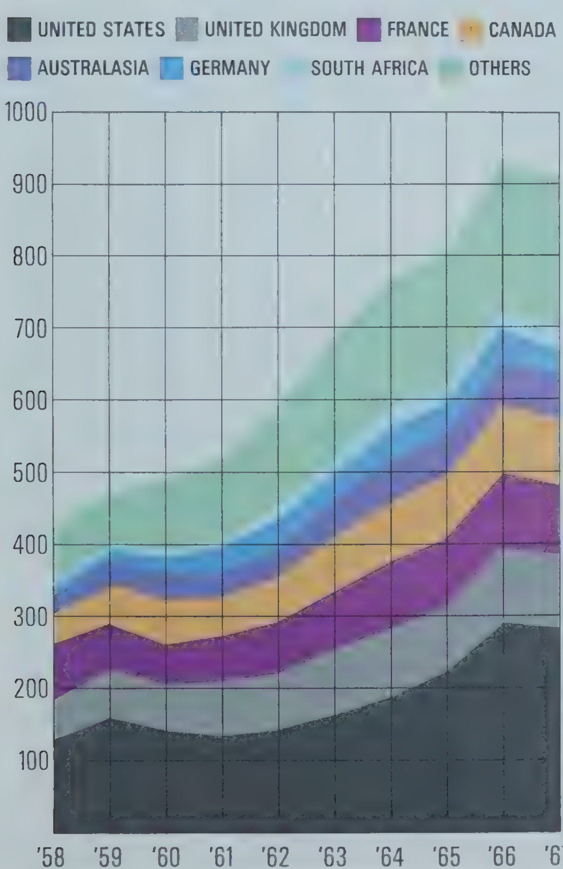
To our business associates in Brazil, India, South Africa, Mexico and Spain, and to our employees, distributors and dealers throughout the world we extend our sincere appreciation for their constructive cooperation throughout what has generally been a difficult year.

Albert A. Thornbrough

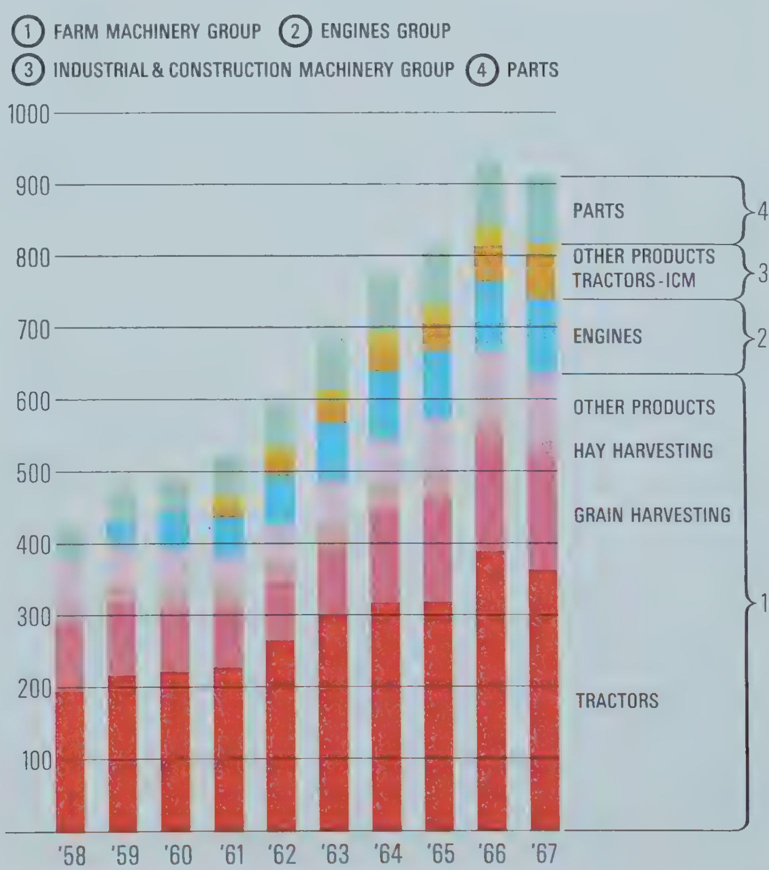
Toronto, January 25, 1968

President and
Chief Executive Officer

NET SALES BY MARKETS
(MILLIONS OF DOLLARS)



NET SALES BY PRODUCTS
(MILLIONS OF DOLLARS)



MF INDUSTRIAL & CONSTRUCTION MACHINERY

ICM LAUNCHES MAJOR NEW PRODUCT LINE

MF industrial and construction machinery sales totalled $79.2 million in 1967, exclusive of parts and service. This represents a 6 per cent increase over 1966, and a 34 per cent increase over the past two years. The record volume was achieved despite a decline of over 18 per cent in industry sales in the large North American market during 1967.

With these sales gains, Massey-Ferguson is now a major factor in the industrial wheel tractor industry. In addition, a newly developed product line for the construction industry, already extensively tested in North America and Europe, places the company in a position to gain a substantial part of the $5,500 million international industrial and construction machinery market. ICM machines will be in production in 1968 in the U.S., Italy and England, and will be distributed through the company's existing operations units.

The new range of machines comprises a dozen models in four basic groups — four-wheel-drive tractor shovels, crawler tractors, hydraulic excavators and backhoe loaders. By 1969, these products will substantially increase ICM's sales volume.

The company has recently completed a comprehensive study of mechanization in the forestry industry. Wood harvesting at present is comparatively primitive, and ICM intends to develop a product line for harvesting, moving and loading pulpwood and logs. The size of the potential market may be gauged from the fact that North American pulpwood production alone uses approximately one thousand million trees per year. The level of manual labour required for pulpwood harvesting is still very high compared with grain harvesting, for example, and there is wide scope for mechanization.

Two major facilities will help accommodate the growing needs of the expanding industrial and construction machinery

This 500,000-square-foot factory near Aprilia, Italy, to be inaugurated early in 1968, will manufacture Massey-Ferguson's new ICM heavy line of tractor shovels, crawlers and excavators. Production on a limited scale began at the plant late in 1967.

Examples of the new ICM heavy line are displayed on the grounds of a 332,000-square-foot factory acquired during 1967 at Cuyahoga Falls near Akron, Ohio. The Cuyahoga Falls plant replaces the Massey-Ferguson industrial facility in Detroit.

line. The North American manufacturing and administrative organization is housed in new and larger quarters near Akron, Ohio, comprising a 332,000-square-foot manufacturing plant, and an adjoining 27,000-square-foot office building. Large engineering test and proving grounds on the 90-acre site make this a totally integrated facility. The new 500,000-square-foot plant on a 62-acre site at Aprilia, south of Rome, Italy, will be officially opened in March, 1968.

The rapid growth of the company's industrial and construction machinery business relies not only upon quick anticipation by management of market requirements, but upon the solid reputation already built up by Massey-Ferguson for engineering technology, quality manufacture and a world-wide dealer/distributor organization for sales and service support. Bearing this in mind, the ICM group has given particular attention in product design and development to four important concepts which contribute significantly to machine output: operator comfort, safety, ease of servicing, and functional design. The most widely-discussed of these at the present time is safety, and the company's approach to the design of its new product line can be illustrated by reference to the safety features — from the safety brake systems to the warning air horns — of the tractor shovels, shown on pages 10 and 12.

Maximum visibility allows the tractor shovel operator to see not only the bucket, but also all four wheels, which permits safe forward and reverse operation. The long wheel base of the machines affords optimum stability when loading and "roading". The operator can mount and dismount from either side of the machines, and on mounting climbs safety steps made of open self-cleaning material and safety tread plates. Convenient handrails and grips facilitate safe "on-off" movement for the operator. Fenders covering the front and rear wheel areas protect the operator compartment from mud, snow and debris thrown by the wheels. High-speed transfer from job site to job site has been made safer by another Massey-Ferguson engineering "first": on four-wheel-steer units, the rear-axle steering is automatically locked out when the operator shifts to high-speed travel range. The safety braking system is designed to provide adequate braking even if a component failure should occur: the air-over hydraulic system actuating the brakes is divided into two separate parts, each controlling one axle of the machine.

These are only a few of the safety features which have been built into the new Massey-Ferguson range of construction machinery, and which will ensure ready acceptance of the products throughout the company's long-established, international distribution network.

MF 33 tractor shovel

MF 300 crawler loader

Illustrated on page 10 is the MF 55, largest of the company's tractor shovels. This machine is articulated in order that the shovel end of the unit can move independently of the rear. This feature gives increased manoeuvrability and consequently greater output on large-scale earthmoving jobs.

The MF 33 tractor shovel (page 12, left) is a smaller companion of the MF 55. An intermediate-sized model known as the MF 44 will also be manufactured. All MF tractor shovels feature a cantilevered hood, which provides easy accessibility to the engine from ground level, and many other innovations which facilitate maintenance and reduce unproductive "down" time.

On page 12 (right) is the MF 300 crawler loader. Four sizes of crawlers are to be produced, each available in loader or dozer models. The crawler is designed for earth-moving jobs under conditions too rough for wheeled machines. Operator comfort under all conditions, as an aid to increased output, has been a major consideration in the design of the new ICM line. Adjustable operator controls; padded, contour seats; and noise and vibration abatement devices are a few of the standard comfort accessories.

On this page are shown two models of the MF 350 hydraulic excavator. The self-propelled crawler-mounted version is best suited for soft terrain. A self-propelled wheel-mounted excavator (not shown) will also be produced.

The truck-mounted version is ideal for jobs which require lengthy journeys to and from construction sites at highway speeds. Two sizes of hydraulic excavators are scheduled for production, each available in the three mobile variations described above.

The MF 350 hydraulic excavator (self-propelled crawler-mounted above; truck-mounted below).

The MF 42 mower (above), available in 6-foot and 7-foot models, is a multi-purpose implement of a type which is standard in most grass-land farming. Below is the MF 41 offset disc harrow. Because of their heavy duty characteristics and economy of operation, harrows of this configuration have replaced the conventional plow under some conditions, especially in the rice and sugar cane growing regions of the United States. Small offset disc harrows, which can be manoeuvred easily, are used in the cultivation of orchards and groves.

Massey-Ferguson Limited

CONSOLIDATED STATEMENT OF INCOME

Year ended October 31, 1967 (with comparative figures for 1966)

	1967	1966
SALES AND OTHER INCOME:		
Net sales	$913,258,046	$932,121,997
Interest, finance charges and miscellaneous income	23,102,813	18,713,234
Profit on disposal of capital assets	1,496,209	388,399
TOTAL SALES AND OTHER INCOME	937,857,068	951,223,630
Deduct:		
Cost of goods sold	715,400,400	722,250,641
Marketing, general and administrative expenses	122,733,216	115,049,883
Engineering expenses	24,739,623	21,332,558
Interest on long-term debt	11,231,926	11,487,441
Interest on bank and other short-term debt	21,913,858	17,688,443
Exchange adjustments	880,244	(499,342)
Minority interest	635,822	798,211
	897,535,089	888,107,835
PROFIT BEFORE INCOME TAXES	40,321,979	63,115,795
Income taxes:		
Before reduction due to tax credits	16,799,348	23,677,235
Tax credits (Note 3)	(3,100,000)	(5,800,000)
	13,699,348	17,877,235
NET INCOME FOR THE YEAR	$ 26,622,631	$ 45,238,560
Earnings per share (based on shares outstanding at year end)	$ 1.47	$ 2.50
Depreciation, and amortization of production tooling included above	$ 32,529,560	$ 30,150,677
Net income of North American finance subsidiaries consolidated above	$ 2,885,177	$ 2,734,130
Remuneration paid to the company's directors, including directors holding salaried employment	$ 611,267	$ 706,516

(See accompanying notes to consolidated financial statements)

Massey-Fer

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October 31, 1967 (with com

ASSETS

	1967	1966
CURRENT ASSETS:		
Cash	$ 35,383,132	$ 29,565,207
Receivables — Trade and sundry (Note 2)	294,452,828	286,084,653
— Due from finance subsidiaries	18,108,120	6,045,177
Balance of proceeds from United Kingdom loan stock issue (receivable January 1968)	16,112,500	
Inventories, valued at the lower of cost or net realizable value —		
Raw materials and work in process	122,114,949	124,749,183
Finished goods	17.5 159,945,126	169,119,201 18.
Total inventories	282,060,075	293,868,384
Prepaid expenses and other current assets	8,523,194	10,284,922
TOTAL CURRENT ASSETS	654,639,849	625,848,343
INVESTMENTS:		
Wholly-owned finance companies, at equity in net assets (Note 1)	27,048,050	24,192,873
Associated companies, at cost	18,295,129	5,275,929
	45,343,179	29,468,802
FIXED ASSETS:		
Land	7,890,798	7,748,381
Buildings	115,294,789	100,357,715
Machinery and equipment	238,831,180	215,176,708
Production tooling	25,924,600	28,970,337
Total fixed assets, at cost	387,941,367	352,253,141
Less accumulated depreciation and amortization	190,320,166	172,826,860
	197,621,201	179,426,281
OTHER ASSETS AND DEFERRED CHARGES	14,229,158	11,026,457
	$911,833,387	$845,769,883

On behalf of the Board:
E. P. Taylor, Director
Albert A. Thornbrough, Director

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BALANCE SHEET

ive figures at October 31, 1966)

LIABILITIES AND SHAREHOLDERS' EQUITY

	1967	1966
CURRENT LIABILITIES:		
Bank indebtedness	$115,877,370	$61,073,637
Short-term notes payable	1,493,678	9,834,396
Accounts payable and accrued charges	159,146,366	159,597,839
Income, sales and other taxes payable	13,872,632	18,591,719
Dividends payable	4,532,668	4,532,328
Advance payments from customers	5,970,824	7,265,962
TOTAL CURRENT LIABILITIES	300,893,538	260,895,881
DEFERRED INCOME TAXES	1,469,652	1,333,924
LONG-TERM DEBT:		
Bonds, debentures, notes and loans (Note 5)	172,653,556	147,104,198
Less instalments maturing within one year, included with accounts payable and accrued charges	11,431,596	3,374,738
	161,221,960	143,729,460
MINORITY INTEREST IN SUBSIDIARIES	11,090,062	11,170,365
SHAREHOLDERS' EQUITY:		
Share capital (Note 6)	183,351,529	183,326,443
Retained earnings (including retained earnings of unconsolidated finance companies: October 31, 1967 — $11,154,950; October 31, 1966 — $8,299,773) (Note 4)	253,806,646	245,313,810
	437,158,175	428,640,253
	$911,833,387	$845,769,883

(See accompanying notes to consolidated financial statements)

Massey-Ferguson Limited

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended October 31, 1967 (with comparative figures for 1966).

	1967	1966
Balance at beginning of year	$245,313,810	$219,877,324
Add:		
Net income for the year	26,622,631	45,238,560
	271,936,441	265,115,884
Deduct:		
Cash dividends on common shares — $1 per share	18,129,795	17,358,782
Commissions and other expenses relating to issue of common shares (less income tax reductions of $193,347)		2,443,292
	18,129,795	19,802,074
Balance at end of year	$253,806,646	$245,313,810

(See accompanying notes to consolidated financial statements)

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

Year ended October 31, 1967 (with comparative figures for 1966)

	1967	1966
WORKING CAPITAL AT BEGINNING OF YEAR	$364,952,462	$274,839,347
SOURCE OF FUNDS:		
Net income for the year	26,622,631	45,238,560
Add (deduct):		
Depreciation, and amortization of production tooling	32,529,560	30,150,677
Equity in earnings of finance companies in excess of dividends received	(2,855,177)	(2,704,130)
(Increase) decrease in deferred income taxes	135,728	(142,936)
FUNDS FROM OPERATIONS	56,432,742	72,542,171
Issue of common shares, less expenses of issue	25,086	77,323,670
Issues of long-term debt	33,991,664	19,352,894
Net book value of fixed asset disposals	2,501,125	1,333,428
TOTAL	92,950,617	170,552,163
USE OF FUNDS:		
Additions to fixed assets, including fixed assets of acquired companies	53,225,605	50,796,344
Reduction in long-term debt and decrease in minority interest in subsidiaries	16,579,467	8,932,399
Payment of common share dividends	18,129,795	17,358,782
Increase in investment in associated companies	13,019,200	410,447
Increase in other assets and deferred charges	3,202,701	2,941,076
TOTAL	104,156,768	80,439,048
Increase (decrease) in working capital	(11,206,151)	90,113,115
WORKING CAPITAL AT END OF YEAR	$353,746,311	$364,952,462

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended October 31, 1967

1. BASIS OF CONSOLIDATION AND EXCHANGE TRANSLATION

The accompanying financial statements consolidate the accounts of all subsidiary companies except for the assets and liabilities of the two wholly-owned finance companies in North America which are not consolidated because of the different nature of their business. A combined statement of the assets and liabilities of the two finance subsidiaries is set out separately on page 22. The investment in these companies is carried in the consolidated balance sheet at the equity in their net assets; their earnings have been taken up in the accompanying consolidated statement of income.

The statements of subsidiary companies outside Canada have been translated into Canadian dollars as follows: current assets, current liabilities and long-term debt at exchange rates prevailing at the end of the period (except in the case of United Kingdom companies where it was considered more realistic to adjust the rate to reflect the 14.3% devaluation of the pound sterling which took place on November 18, 1967); investments, fixed assets and depreciation provisions on the basis of rates prevailing at date of acquisition; income and expenses (other than depreciation provisions) at average exchange rates during the period. Adjustments have also been made in the accounts to reflect the exchange profits or losses (and the related income tax effect) arising in those companies with current account balances on November 18 which were payable or receivable in sterling. The net exchange adjustment for the current year of $880,244 is shown as a charge against consolidated income; this adjustment incorporates a net exchange gain of approximately $1,800,000 arising from the devaluation of sterling on November 18 and an exchange loss of approximately $1,500,000 arising from the 23% devaluation of the Brazilian cruzeiro in February 1967.

2. RECEIVABLES

A substantial portion of the receivables consist of non-interest bearing notes received from dealers. Approximately $55,000,000 or 19% of the 1967 notes and accounts receivable mature beyond one year, but are included in current assets in accordance with accounting practice in the industry.

Receivables are shown net of the following provisions:

	1967	1966
Allowance for doubtful notes and accounts	$ 5,494,285	$ 4,943,914
Returns and other allowances	13,958,577	11,594,519
Unearned interest	1,607,528	1,136,498
Total	$21,060,390	$17,674,931

3. INCOME TAX CREDITS

The tax credits shown for 1967 and 1966 represent principally tax reductions resulting from the carry-forward of prior years' losses in certain companies, other tax adjustments relating to prior years, and credits resulting from investment allowances. At October 31, 1967, certain subsidiary companies had losses remaining available to be carried forward; at current tax rates the tax credits which would result from the carry-forward of these losses will, if realized, amount to approximately $3,200,000.

4. DIVIDEND RESTRICTIONS

The loan agreements of certain subsidiary companies contain restrictions on the payment of dividends. Under the most restrictive of these, approximately $112,000,000 of consolidated retained earnings is not available for the payment of dividends to shareholders of Massey-Ferguson Limited. Of the remaining $142,000,000, approximately $77,000,000 represents the unrestricted portion of profits of various subsidiaries outside North America which have not been remitted to Canada.

Transfers of earnings from companies outside North America are generally subject to the approval of exchange control authorities, but permission to pay dividends is normally obtainable. Dividend payments from subsidiaries in a number of countries are subject to withholding taxes. As substantially all the unremitted accumulated earnings of foreign subsidiaries have been re-invested in working capital and fixed assets, and as the amount of earnings which will be transferred in the future and the rates which will be applicable at that time are not known, such taxes are reflected in consolidated earnings only at the time of actual dividend remittance.

5. LONG-TERM DEBT

(Repayable in currency of country indicated; maturity dates shown represent fiscal years ending October 31)

	October 31, 1967	October 31, 1966
Massey-Ferguson (Australia) Limited:		
5¾% First Mortgage Debenture Stock maturing 1970	$5,950,000	$6,010,000
Massey-Ferguson S.A. (France):		
6%-7% Mortgage Loans maturing 1968-75	6,644,460	7,390,702
Massey-Ferguson G.m.b.H. (Germany):		
2½%-3½% Mortgage Loans maturing 1968-98	3,263,890	3,531,614
2½%-7% Loans maturing 1968-75	354,849	415,131
Massey-Ferguson ICM S.p.A. (Italy):		
3% First Mortgage Loan maturing 1971-81	1,725,000	—
Massey-Ferguson Industries Limited (Canada):		
5⅞% Secured Promissory Note maturing 1970-85	22,000,000	22,000,000
Massey-Ferguson Inc. (U.S.A.):		
5¼% Promissory Notes maturing 1968-83	33,508,800	35,781,100
5⅞% Subordinated Notes maturing 1971-84	27,966,960	28,149,240
Massey-Ferguson (South Africa) Limited:		
8¼% Loans maturing 1967	—	300,600
7% First Mortgage Debenture Stock maturing 1968-82	744,000	751,500
7% Unsecured Loan to Agrimal (Malawi) Ltd. maturing 1970	41,664	—
Massey-Ferguson Holdings Limited (United Kingdom):		
7½% Bank Loans maturing 1969-71 (interest charged at 1½% above the Bank of England rediscount rate with the provision that the minimum interest rate shall be not less than 5½%)	26,295,600	30,763,200
7½% Unsecured Loan Stock maturing 1987-92	32,225,000	—
Massey-Ferguson Services N.V.:		
6½% Bank Loan maturing 1968-71 (repayable in Netherland guilders to the extent of approximately $9,175,000 with the remainder payable in U.S. dollars)	11,933,333	12,011,111
	$172,653,556	$147,104,198

Sinking fund requirements and debenture and promissory note maturities during the next five years are as follows:

1968 — $11,431,596; 1969 — $12,976,000; 1970 — $20,168,000;
1971 — $12,497,000; 1972 — $12,809,250.

6. SHARE CAPITAL, STOCK OPTIONS AND RESERVATION OF SHARES

(a) The authorized share capital at October 31, 1967 consisted of 20,000,000 common shares without nominal or par value.

(b) Changes in common share capital during the year:

	Number of Shares	Dollars
Outstanding October 31, 1966	18,129,314	$182,973,283
Shares issued under employee options at $18.50 per share	1,356	25,086
Outstanding October 31, 1967	18,130,670	182,998,369
Add shares remaining to be issued in 1968 in connection with the 1965 purchase of assets of Badger Northland Inc. (subject to completion of certain warranties)	12,000	353,160
	18,142,670	$183,351,529

(c) Employee stock options were outstanding at October 31, 1967 with respect to an additional 97,760 common shares exercisable by various dates up to 1972 as follows:

Year Granted	Option Price	Outstanding October 31, 1966	Changes During Year: Granted	Changes During Year: Exercised	Outstanding October 31, 1967
1964	$18.50	83,416		1,356	82,060
1965	30.75	7,500			7,500
1966	32.25	2,200			2,200
1966	33.63	2,000			2,000
1966	35.94	3,000			3,000
1967	24.25		1,000		1,000
Total		98,116	1,000	1,356	97,760

Of the outstanding options 59,500 were for directors and officers. A further 225,600 unissued common shares are reserved for possible future employee options.

7. CONTINGENT LIABILITIES, COMMITMENTS, ETC.

(a) The totals of notes receivable discounted were as follows — October 31, 1967 — $53,500,000; October 31, 1966 — $47,500,000.

(b) Guarantees of short-term notes payable by North American finance companies amounted to $20,312,374 at October 31, 1967 and to $20,755,300 at October 31, 1966. Under the loan agreement relating to the subordinated notes of Massey-Ferguson Credit Corporation, Massey-Ferguson Limited has agreed that it will maintain assets in that company in certain specified relationships with that company's indebtedness.

(c) Approved capital expenditure programs outstanding totalled approximately $50,000,000 at October 31, 1967 (including commitments of approximately $32,000,000).

(d) Pension costs (including payments to trustees on behalf of employees covered by trusteed pension plans) are charged against income in the year of payment. Past service costs in most trusteed plans are being funded over periods of 25 – 40 years. The total unfunded past service liability for all trusteed plans in effect at October 31, 1967 is estimated at approximately $40,000,000.

Massey-Ferguson Finance Company of Canada Limited
Massey-Ferguson Credit Corporation and its subsidiaries

COMBINED STATEMENT OF ASSETS AND LIABILITIES

October 31, 1967 (with comparative figures at October 31, 1966)

	1967	1966
ASSETS		
Cash	$ 532,266	$ 1,226,245
Notes receivable (Note 2)	197,415,017	165,152,805
Prepaid expenses	3,594,464	3,083,957
Property leased to an affiliate (at cost less accumulated depreciation of $36,486)	2,670,398	
	$204,212,145	$169,463,007
LIABILITIES		
Short-term notes payable — Banks	$ 91,370,073	$ 66,701,318
— Others	20,312,374	20,755,300
Current accounts payable to affiliates	18,108,120	6,045,177
Accrued charges	1,827,956	1,540,722
Income taxes	4,733,572	4,149,617
	136,352,095	99,192,134
Long-term debt (Note 3)	40,812,000	46,078,000
Equity of Massey-Ferguson Limited and its subsidiaries:		
Interest-bearing notes payable	5,000,000	5,000,000
Share capital	10,893,100	10,893,100
	15,893,100	15,893,100
Retained earnings (Note 3)	11,154,950	8,299,773
	27,048,050	24,192,873
	$204,212,145	$169,463,007

Notes:

1. The above statement combines the accounts of Massey-Ferguson Finance Company of Canada Limited and of Massey-Ferguson Credit Corporation (U.S.A.) and its subsidiaries. The assets and liabilities of the United States companies are included on the basis of current exchange rates, and their share capital on the basis of rates prevailing at dates of issue. While the books of the companies are maintained and their tax returns are filed on a cash receipt and disbursement method, the above combined statement of assets and liabilities incorporates adjustments to reflect the financial position of the companies on an accrual basis of accounting.

2. Approximately $131,242,000 or 66% of the notes receivable mature beyond one year. Receivables are shown net of the following provisions: unearned interest and discount 1967—$31,380,121; 1966—$25,713,225; allowance for doubtful accounts 1967 — $1,894,558; 1966 — $1,915,596.

3. Long-Term Debt:
(Repayable in currency of country indicated; maturity dates shown represent fiscal years ending October 31)

	October 31, 1967	October 31, 1966
Massey-Ferguson Finance Company of Canada Limited:		
6% Promissory note maturing 1968 (prepaid in 1967)		$ 5,000,000
Massey-Ferguson Credit Corporation (U.S.A.):		
5% Senior note maturing 1971	$ 3,222,000	3,243,000
5¼% Senior notes maturing 1977-86	26,850,000	26,025,000
5½% Subordinated notes maturing 1971-80	10,740,000	10,810,000
TOTAL	$40,812,000	$46,078,000

Instalments due and maturities during the next five years: 1968—1970 nil; 1971—$4,296,000; 1972—$1,074,000.
In connection with the aforementioned debt, dividends may not be paid by Massey-Ferguson Credit Corporation out of retained earnings accumulated prior to October 31, 1965 ($4,781,000).

Clarkson, Gordon & Co.
Chartered Accountants
Toronto, 1
CANADA

To the Shareholders of
Massey-Ferguson Limited:

We have examined the consolidated balance sheet of Massey-Ferguson Limited and its consolidated subsidiaries as at October 31, 1967, and the consolidated statements of income, retained earnings and source and use of funds for the year ended on that date. We have also examined the combined statement of assets and liabilities of Massey-Ferguson Finance Company of Canada Limited and Massey-Ferguson Credit Corporation and its subsidiaries as at October 31, 1967. Our examinations included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly (a) the financial position of Massey-Ferguson Limited and its consolidated subsidiaries as at October 31, 1967 and the results of their operations and the source and use of their funds for the year ended on that date and (b) the combined assets and liabilities of Massey-Ferguson Finance Company of Canada Limited and Massey-Ferguson Credit Corporation and its subsidiaries as at October 31, 1967, all in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson, Gordon & Co
Chartered Accountants

Toronto, Canada
December 19, 1967

FINANCIAL REVIEW

BASIS OF CONSOLIDATION

The world-wide results of the operations of the company and all its subsidiaries are included in the 1967 Consolidated Statement of Income. The companies consolidated are the same as in 1966 with the addition of a small company in Brazil in which the company formerly had a minority interest. As in prior years, "subsidiary companies" are those in which the company owns more than half of the voting shares. Associated companies and the wholly owned North American finance companies and their subsidiaries have been shown as investments on the consolidated balance sheet. The assets and liabilities of the finance companies have not been consolidated since they are significantly different in character from those of the manufacturing operations. A combined statement of the assets and liabilities of the finance companies and subsidiaries is shown on page 22 of this report. The investment in associated companies is carried at cost, whereas the investment in the finance companies is carried at the equity in their net assets; earnings of the finance companies have been taken up in the consolidated statement of income.

WORKING CAPITAL

Working capital was $353.7 million at October 31, 1967, a decline of $11.2 million during 1967. In 1966 there was an improvement of $90.1 million when $77.3 million was obtained from the issue of shares. The issue of long-term debt increased by $14.6 million in 1967. This was partially offset by $7.6 million greater long-term debt reduction.
The ratio of current assets to current liabilities declined to 2.2 to 1 compared to 2.4 to 1 at October 31, 1966. Cash increased by $5.8 million. Emphasis on control of assets resulted in a decrease of inventories and receivables by $3.4 million to $576.6 million.

STATISTICAL SUMMARY *(All dollars in millions except per share statistics)*

YEAR	BUSINESS ACTIVITY				OPERATING SUMMARY				
	Average Number of Employees	Total Assets	Net Sales	Asset Turnover	Gross Profit	Gross Margin	Before Income Taxes and Exchange: Profit	Before Income Taxes and Exchange: Margin	Income Taxes
1958	23,808	$310.0	$420.2	135.5%	$ 78.9	18.8%	$23.1	5.5%	$(8.7)
1959	29,955	465.3	475.5	102.2	96.9	20.4	29.0	6.1	(6.1)
1960	35,376	458.0	490.4	107.1	99.9	20.4	16.8	3.4	(6.6)
1961	38,397	507.9	519.3	102.2	108.2	20.8	20.4	3.9	(10.0)
1962	39,806	533.5	596.1	111.7	127.8	21.4	30.0	5.0	(14.3)
1963	41,089	560.8	685.7	122.3	154.7	22.6	41.7	6.1	(17.7)
1964	42,927	621.4	772.0	124.2	182.0	23.6	62.8	8.1	(15.9)
1965	45,667	741.6	808.5	109.0	177.8	22.0	46.6	5.8	(7.5)
1966	46,242	845.8	932.1	110.2	209.9	22.5	62.6	6.7	(17.9)
1967	**45,080**	**911.8**	**913.3**	**100.2**	**197.9**	**21.7**	**41.2**	**4.5**	**(13.7)**

(20.575)

YEAR	LIQUIDITY		CHANGES IN FIXED ASSETS				SOURCE OF ASSETS		
	Net Current Assets	Current Ratio	Depreciation of Buildings and Equipment	Amortization of Tooling	Total Depreciation and Amortization	Additions	Liabilities: Current	Liabilities: Other	Shareholders' Equity
1958	$153.5	2.8	$ 6.4	$2.2	$ 8.6	$16.3	26.5%	24.0%	49.5%
1959	174.8	2.0	8.3	3.8	12.1	68.9	36.6	21.7	41.7
1960	175.6	2.1	13.4	5.4	18.8	16.9	33.8	22.3	43.9
1961	179.4	1.9	13.8	5.3	19.1	25.7	37.7	20.8	41.5
1962	189.7	1.9	15.3	4.9	20.2	21.6	38.2	20.0	41.8
1963	250.4	2.6	15.5	4.9	20.4	29.3	28.8	26.0	45.2
1964	265.1	2.4	17.0	6.0	23.0	40.7	29.6	23.7	46.7
1965	274.8	2.0	18.5	7.5	26.0	47.0	36.7	19.7	43.6
1966	365.0	2.4	20.4	9.8	30.2	50.8	30.8	18.5	50.7
1967	**353.7**	**2.2**	**23.0**	**9.5**	**32.5**	**53.2**	**33.0**	**19.1**	**47.9**

Because of unsettled conditions in financial markets, the increase in investments in associated companies of $13.0 million and the increase of net fixed assets are being temporarily financed principally by bank indebtedness and short-term notes payable which in 1967 increased by $46.5 million.

CAPITAL EXPENDITURES

During 1967, expenditures on capital facilities totaled $53.2 million, of which 71% occurred in the United Kingdom, North America and France.

In the U.K., at Baginton, the tractor expansion program was in its final stages and will be completed in 1968. At Peterborough, engineering and engine test facilities were completed as well as a fully automated engine storage building; plant facilities were expanded to produce V-8 engines. A five-storey administration office is scheduled for completion in January 1968.

In North America, an addition was made to the Brantford combine plant, a new and larger transmission and axle plant was purchased at Detroit, the implement plant facilities were improved at Des Moines and general modernization of factory facilities continued. A new factory for the production of industrial and construction machinery near Akron is now in full operation. Work has commenced on a mixing warehouse in Detroit. In France, further expansion occurred at the Beauvais plant and a new office at Le Plessis-Robinson was completed and occupied. In Australia, factory facilities were expanded and modernized including a new foundry. In Brazil, the plant of our newly acquired subsidiary was integrated into our operations. In Mexico, our new tractor facilities were completed and are now in operation. In Italy, our new plant for the production of industrial and construction equipment was completed and production has begun. Our South African subsidiary opened a new plant in Malawi. Capital expenditures for 1968 are not expected to exceed those of last year.

PROVISION FOR DEPRECIATION OF FIXED ASSETS AND AMORTIZATION OF PRODUCTION TOOLING

Depreciation of facilities is provided at rates which have been designed to write off these assets over a conservative

		SHAREHOLDERS' EQUITY		INCOME DISTRIBUTION				
Exchange	Net Income (Loss)	Total	Return on Equity	Dividends on Preferred Shares	Net Income (Loss) for Common Shares	Dividends on Common Shares	Income Retained	YEAR
$(1.4)	$13.0	$153.3	8.5%	$1.1	$11.9	$ 3.8	$ 8.1	1958
(1.9)	21.0	193.9	10.8	1.1	19.9	4.7	15.2	1959
3.0	13.2	200.9	6.6	1.4	11.8	4.8	7.0	1960
4.8	15.2	210.8	7.2	1.4	13.8	4.9	8.9	1961
2.4	18.1	222.8	8.1	1.4	16.7	4.9	11.8	1962
0.1	24.1	253.5	9.5	1.4	22.7	6.6	16.1	1963
(1.9)	45.0	290.4	15.5	0.7	44.3	8.1	36.2	1964
1.0	40.1	323.4	12.4	—	40.1	13.5	26.6	1965
0.5	45.2	428.6	10.6	—	45.2	17.4	27.8	1966
(0.9)	**26.6**	**437.2**	**6.1**	**—**	**26.6**	**18.1**	**8.5**	**1967**

SHAREHOLDERS	Shares Outstanding		PER COMMON SHARE					
Shareholders	Preferred	Common	Sales	Net Income (Loss)	Dividends	Income Retained	Equity	YEAR
34,024	242,570	9,552,248	$44.00	$1.25	$0.40	$0.85	$13.39	1958
41,459	259,860	12,075,911	39.38	1.65	0.40	1.25	13.79	1959
42,171	259,665	12,098,471	40.54	0.97	0.40	0.57	14.34	1960
40,089	259,610	12,200,868	42.56	1.13	0.40	0.73	15.03	1961
40,359	254,834	12,268,599	48.59	1.36	0.40	0.96	15.97	1962
40,363	254,748	13,495,948	50.81	1.68	0.50	1.18	16.81	1963
33,799	—	14,820,038	52.09	3.04	0.57	2.47	19.60	1964
34,884	—	15,059,025	53.69	2.66	0.90	1.76	21.48	1965
40,186	—	18,129,314	51.42	2.50	1.00	1.50	23.64	1966
42,304	**—**	**18,130,670**	**50.37**	**1.47**	**1.00**	**.47**	**24.11**	**1967**

estimate of their useful life. Production tooling of a new product or major product change is generally amortized over a three-year period commencing with the first year of full utilization of the tooling concerned; tooling for replacements for minor product changes is charged against income at the time of purchase.

In countries where "declining balance" depreciation is allowed for income tax returns, such allowances are claimed but the books are maintained on a "straight-line" method of depreciation unless prohibited by government regulation.

Depreciation and amortization in 1967 amounted to $32.5 million compared with $30.2 million in 1966.

ASSOCIATED COMPANIES

The large increase in associated company investment is almost entirely due to the acquisition in December 1966 of a substantial minority interest in Motor Iberica S.A., a major Spanish manufacturer of trucks, tractors, diesel engines and other agricultural and industrial equipment. Several Spanish companies merged to form Motor Iberica S.A. Two of these, Perkins Hispania, S.A. and Motorizacion Agricola S.A., were associated companies prior to the merger.

A further investment was made in the Mexican company which manufactures Perkins diesel engines under licence, however, the percentage of ownership remains unchanged.

During the year, majority control was obtained in a Brazilian company which was formerly an associated company. This is now fully consolidated.

Income received from associated companies in the form of dividends is included in Interest, Finance Charges and Miscellaneous Income. Since these are growth companies, re-investing most of their income to finance expansion, the income received has not been substantial up to this time.

LONG-TERM DEBT

During the year Massey-Ferguson Holdings Limited, our U.K. holding company, made a $32.2 million 7 ½ % debenture issue maturing 1987 to 1992. A sinking fund commences in 1972. Proceeds were used to repay a loan from Massey-Ferguson Limited and to provide working capital. Half of the proceeds were received at date of issue, the balance to be received January 31, 1968. The entire loan has been shown under long-term debt with the receivable portion shown as a current receivable $16.1 million. This issue was regarded as highly successful and the rate very favourable in light of current conditions in the U.K.

A $1.7 million 3 % first mortgage loan maturing 1971 to 1981 was raised by our new Italian operation, Massey-Ferguson ICM S.p.A.

EXCHANGE ADJUSTMENTS

Financial statements of subsidiary companies outside Canada are prepared in local currency and translated to Canadian dollars following generally accepted accounting principles of exchange translation. Exchange rates prevailing at October 31 were used to translate net working capital and long-term debt (except in the case of United Kingdom companies where it was considered more realistic to adjust the rate to reflect the 14.3 % devaluation of the pound sterling which took place on November 18, 1967); rates prevailing at time of acquisition were used for translation of investments, fixed assets and depreciation provisions, and income and expense items (other than depreciation provisions) were translated at average exchange rates prevailing throughout the year. Adjustments have also been made in the accounts to reflect the exchange profits or losses (and the related income tax effect) arising in those companies with current account balances on November 18 which were payable or receivable in sterling.

Exchange gains or losses from the translation practices outlined above are reflected in the consolidated statement of income. The 1967 net loss of $0.9 million from this source is a reversal of the 1966 situation where there was a net gain of $0.5 million. The 1967 figure includes the results of the U.K. devaluation and a 23 % devaluation of the Brazilian cruzeiro in February 1967. The U.K. devaluation resulted in a net gain of approximately $1.8 million and the

GEOGRAPHICAL DISTRIBUTION OF ASSETS EMPLOYED

(MILLIONS OF DOLLARS)

	1967	1966	1965	1964	1963
NORTH AMERICA	$446.3	$382.4	$317.3	$277.4	$253.3
EUROPE	348.1	345.1	321.3	255.2	230.4
LATIN AMERICA	48.7	46.3	31.1	27.9	24.6
AUSTRALIA	43.8	44.7	42.7	38.1	30.6
AFRICA	22.7	25.1	27.0	20.5	20.8
ASIA	2.2	2.2	2.2	2.3	1.1
TOTAL	$911.8	$845.8	$741.6	$621.4	$560.8

Brazilian devaluation in a loss of approximately $1.5 million. These figures are before deducting applicable taxes and minority interest. In the case of the U.K. with its many overseas accounts, the exchange gain stems from the net of two offsetting effects: 1) realized (mainly profit) — on which taxes are usually payable, 2) translation (net loss) — on which no taxes apply. The Brazilian loss consists of both translation and realized losses. The latter arise from foreign currency obligations against which tax relief is allowed. The remaining loss of $1.2 million is largely the result of the strength of the Canadian dollar vis-a-vis the currencies of foreign subsidiaries at October 31, 1967.

INCOME TAXES

Income taxes for the current year of $13.7 million are down $4.2 million from 1966. The current provision for taxes before reductions due to tax credits is at the rate of 41.7% compared with 37.5% in 1966.

In each year there were tax reductions resulting from the carry-forward of prior years' losses in certain companies, other tax adjustments relating to prior years, and credits resulting from investment allowances. These totaled $3.1 million in 1967 and $5.8 million in 1966. After deducting these credits, the effective tax rate is 34.0% in 1967 compared with 28.4% in 1966.

At October 31, 1967, certain subsidiary companies have loss balances still available to be carried forward against income earned in 1968 and subsequent years which would otherwise be subject to tax. If realized, these losses will result in tax credits of approximately $3.2 million.

Certain subsidiary companies claim capital allowances for income tax purposes in excess of the depreciation provisions recorded in the accounts. The income tax reductions applicable to such extra allowances are not reflected in income but are credited to "Deferred Income Taxes" and are brought into income in subsequent years when total allowances available for tax purposes are less than the depreciation provisions recorded in the accounts.

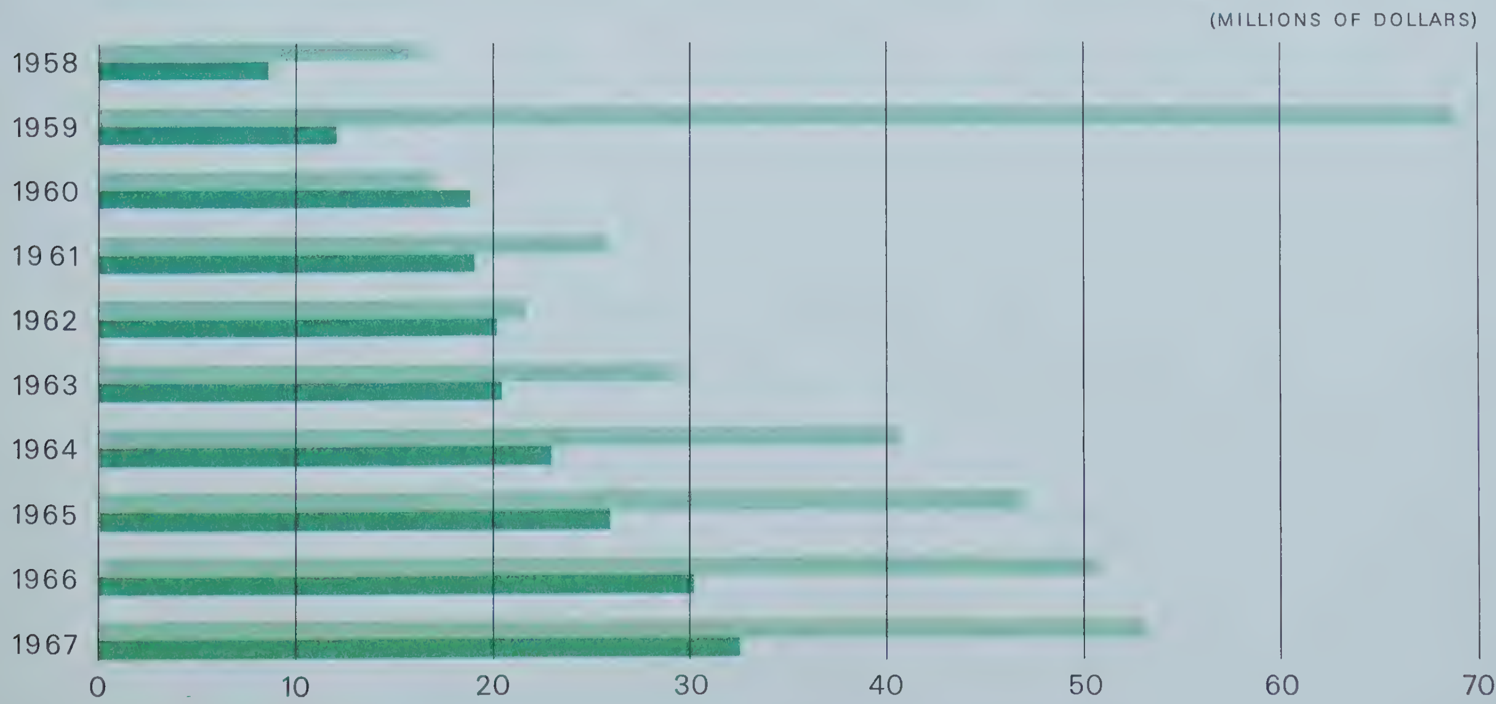
FINANCE COMPANIES

During the year the U.S. finance subsidiary, Massey-Ferguson Finance Corporation, changed its name to Massey-Ferguson Credit Corporation. Two new subsidiaries of Massey-Ferguson Credit Corporation, Massey-Ferguson Leasing Corporation and Distribution Holdings Inc., were incorporated. Amendments to the long-term debt agreements of Massey-Ferguson Credit Corporation were adopted permitting the Credit Corporation and its subsidiaries to include limited amounts of interest-bearing wholesale floor plan notes and rental receivables as finance assets. At October 31, 1967, the amount of such receivables carried by the finance companies was negligible.

The notes receivable increased by $32.3 million or 19% to $197.4 million. This occurred proportionally in the U.S. and Canada and reflects the absolute increase in retail sales in the U.S. plus the relatively greater proportion of retail sales which are being financed by the finance companies. The increase was financed from earnings of $2.9 million and the balance by short-term borrowings.

Notes receivable are shown net of provisions for unearned interest and allowance for doubtful accounts. The interest on these notes is taken up as it accrues over their life.

ADDITIONS TO FIXED ASSETS (INCLUDING ASSETS OF ACQUIRED COMPANIES) DEPRECIATION, AND AMORTIZATION OF PRODUCTION TOOLING



NET SALES BY TERRITORIES
(MILLIONS OF DOLLARS)

TERRITORIES	1967		1966	1965	1964	1963	1962	1961	1960	1959	1958
	% of Total	Amount $	$	$	$	$	$	$	$	$	$
NORTH AMERICA											
CANADA	10.0	91.2	96.3	89.2	81.6	76.5	62.8	52.5	61.8	55.6	40.3
UNITED STATES	31.1	284.5	290.4	225.4	188.3	166.5	145.1	136.7	144.4	162.1	130.3
TOTAL	41.1	375.7	386.7	314.6	269.9	243.0	207.9	189.2	206.2	217.7	170.6
EUROPE											
UNITED KINGDOM	11.3	102.8	103.3	90.6	95.4	91.8	78.7	76.3	65.6	69.3	56.5
FRANCE	10.5	96.2	103.0	92.9	92.2	80.2	71.7	62.3	56.0	63.7	79.0
SCANDINAVIA	4.0	36.0	41.6	37.1	37.9	31.7	37.9	31.7	22.5	18.5	16.0
GERMANY	3.4	31.1	46.6	46.2	47.1	37.6	38.9	34.2	20.3	15.0	10.1
ITALY	3.4	30.9	27.5	24.2	20.6	19.5	14.5	7.6	3.3	1.9	2.2
BENELUX	0.8	7.2	11.1	8.8	8.0	5.8	7.5	6.6	5.1	4.1	2.9
AUSTRIA	0.7	6.7	7.6	5.7	4.7	4.9	6.0	4.6	3.6	2.1	3.6
SPAIN	0.6	5.8	4.8	3.6	4.0	5.1	6.2	2.3	0.7	0.9	1.5
YUGOSLAVIA	0.1	1.4	1.2	2.2	4.2	2.4	2.7	5.1	11.1	8.3	6.7
OTHER	0.9	8.0	9.1	7.1	5.6	3.8	4.2	3.5	2.9	3.0	2.8
TOTAL	35.7	326.1	355.8	318.4	319.7	282.8	268.3	234.2	191.1	186.8	181.3
AUSTRALASIA	6.8	62.5	57.7	55.2	57.7	47.5	38.7	34.7	37.9	29.8	27.8
AFRICA											
REPUBLIC OF SOUTH AFRICA	4.0	36.7	28.2	31.1	32.5	28.4	22.0	11.8	10.5	7.1	10.4
OTHER	2.4	21.7	18.3	16.4	12.3	14.6	9.2	8.5	12.9	11.3	9.6
TOTAL	6.4	58.4	46.5	47.5	44.8	43.0	31.2	20.3	23.4	18.4	20.0
LATIN AMERICA											
BRAZIL	2.5	22.3	26.4	21.0	31.1	20.5	10.7	5.8	2.1	0.2	2.4
OTHER	2.6	23.9	22.7	20.2	21.7	16.2	15.3	12.9	10.8	8.0	7.1
TOTAL	5.1	46.2	49.1	41.2	52.8	36.7	26.0	18.7	12.9	8.2	9.5
ASIA											
INDIA	0.3	2.2	3.7	5.0	3.2	3.8	4.1	5.4	8.1	3.3	3.1
OTHER	4.6	42.2	32.6	26.6	23.9	28.9	19.9	16.8	10.8	11.3	7.9
TOTAL	4.9	44.4	36.3	31.6	27.1	32.7	24.0	22.2	18.9	14.6	11.0
TOTAL	100.0	913.3	932.1	808.5	772.0	685.7	596.1	519.3	490.4	475.5	420.2

NET SALES BY QUARTERS
(MILLIONS OF DOLLARS)

3 MONTHS ENDED	1967		1966	1965	1964	1963	1962	1961	1960	1959	1958
	% of Total	Amount $	$	$	$	$	$	$	$	$	$
JANUARY 31	17.8	162.4	179.5	138.8	145.5	110.4	96.6	86.8	87.9	82.5	74.5
APRIL 30	29.4	268.5	263.8	193.1	218.2	189.4	167.2	141.8	133.1	142.8	124.1
JULY 31	25.9	236.5	239.9	234.4	223.4	180.4	154.1	133.7	131.2	137.7	119.3
OCTOBER 31	26.9	245.9	248.9	242.2	184.9	205.5	178.2	157.0	138.2	112.5	102.3
TOTAL	100.0	913.3	932.1	808.5	772.0	685.7	596.1	519.3	490.4	475.5	420.2

NET SALES BY PRODUCTS
(MILLIONS OF DOLLARS)

PRODUCTS	1967		1966	1965	1964	1963	1962	1961	1960	1959	1958
	% of Total	Amount $	$	$	$	$	$	$	$	$	$
FARM MACHINERY											
TRACTORS	39.7	362.8	389.0	317.9	317.3	298.2	263.3	227.0	221.4	215.3	193.0
GRAIN HARVESTING	16.7	152.0	157.5	142.2	128.3	97.0	83.8	84.4	86.4	100.5	96.4
HAY HARVESTING	3.2	29.4	34.7	35.0	34.6	34.0	29.8	26.0	28.7	29.5	27.1
OTHER PRODUCTS	10.3	94.1	86.6	77.7	64.9	57.5	49.7	46.8	57.5	56.7	58.7
TOTAL	69.9	638.3	667.8	572.8	545.1	486.7	426.6	384.2	394.0	402.0	375.2
ENGINES	11.1	101.5	98.9	94.9	93.9	81.3	70.8	52.4	47.7	24.6	
INDUSTRIAL AND CONSTRUCTION MACHINERY											
TRACTORS	6.6	59.9	51.6	38.4	32.9	27.7	23.1	16.1			
OTHER PRODUCTS	2.1	19.3	23.3	20.4	20.1	17.0	12.8	11.3			
TOTAL	8.7	79.2	74.9	58.8	53.0	44.7	35.9	27.4			
PARTS	10.3	94.3	90.5	82.0	80.0	73.0	62.8	55.3	48.7	48.9	45.0
TOTAL	100.0	913.3	932.1	808.5	772.0	685.7	596.1	519.3	490.4	475.5	420.2

The MF 72 (above) is an example of a new line of tandem disc harrows ranging from 10 feet to 21 feet in width. In the larger sizes, the disc frames are hinged and can be folded upwards for transport. Implements of this type are used primarily in large-scale grain and cotton operations. Below is the MF 59, the only semi-mounted reversible plow manufactured in North America. Reversible plows are used mainly on land that is irrigated or subject to water erosion. The MF 59 is designed to operate with all four wheels of the tractor on unplowed ground, thereby avoiding the problem of soil compaction caused in conventional plowing when two wheels of the tractor are run in the furrow.

The MF 147 sled tool carrier with mounted MF 37 planter and pesticide attachments (top photo) is characteristic of the multi-function implements common on large farms today. In addition to planting seed and distributing a variety of pesticides, the tool carrier shown is equipped to shape and compact the furrows, a practice which encourages the plants to germinate evenly. Used later in the season with cultivator attachments, the tool carrier will follow precisely along the well formed ridges, permitting close cultivation of the growing crop. Below is the MF 127 fully mounted chisel plow. Chisel plows are the basic primary tillage tool used in dry cereal growing areas of North America.

FACTORIES, PRODUCTS MANUFACTURED

FARM MACHINERY GROUP

INDUSTRIAL AND CONSTRUCTION MACHINERY GROUP

AUSTRALIA

BENDIGO (45,525 sq. ft.) — Front-end Loaders: Dozer Blades: Rippers; Non-current Spare Parts.

BUNDABERG (13,200 sq. ft.) — Sugar Cane Harvesters.

MELBOURNE (Sunshine) (1,535,819 sq. ft.)—MF585 Headers (Self-propelled and Pull-type Combines); Sugar Cane Harvesters; Mowers; Drills; Hay Rakes; Foragers; Tillers; Cultivators; Harrows; Bale Loaders; Mouldboard, Disc and Chisel Plows; Spinner Broadcasters; Post Hole Diggers; Jib Cranes; Toolbar Planters; Earth Scoops; Multi-purpose Blades; Cordwood Saws; Scarifiers; Subsoilers; Transporters; Rotary Cutters; Pressed Steel Chain; Bright Steel Shafting.

BRAZIL

PORTO ALEGRE, (81,000 sq. ft.)—Disc Plows; Disc Harrows; Planters; Rotary Cutters; Blade Terracers; Transporter Boxes.

SAO PAULO (129,914 sq. ft.) — MF50 and MF65 Tractors.

CANADA

BRANTFORD (North American Combine Plant) (676,675 sq. ft.) — MF205, MF300, MF410 and MF510 Self-propelled Combines; MF405 Pull-type Combine; Combine Cabs.

BRANTFORD ("M" Foundry) (192,229 sq. ft.) — Castings for Massey-Ferguson plants.

BRANTFORD (Verity Plant) (522,754 sq. ft.) — Mouldboard and Disc Plows; Disc Harrows; Spring Tooth Harrows; Subsoilers; Mowers; Side Delivery Rakes; Mounted Tillers; Cultivators; Wheeled Hitches; Hay Conditioners.

MONTREAL (115,000 sq. ft.)— Full line of Wooden Office Furniture.

TORONTO (1,904,028 sq. ft.) — Balers; Self-propelled and Pull-type Swathers; Pick-ups; Components for other assembly locations.

WATERLOO, (285,000 sq. ft.) — Full line of Modern Steel Office Furniture; Steel Shelving and Lockers; Steel Garage Doors; Steel Stampings.

FRANCE

BEAUVAIS (581,000 sq. ft.) — MF122, MF130, MF135, MF140, MF145 and MF165 Agricultural Tractors.

MARQUETTE (1,066,422 sq. ft.) — MF510-8, MF410-8 and MF99-8 Self-propelled Combines; Combine Presses; Balers; Mowers; One-way Discs; Disc Harrows; Mouldboard Plows; Tillers; Cultivators; Trailers.

GERMANY

ESCHWEGE (587,565 sq. ft.)—MF30, MF31, MF39, MF86, MF87 Combines; Mounted Presses and Straw Choppers for Combines; Forage Harvesters; Roller Chain.

ITALY

APRILIA (500,000 sq. ft.) — Tractor Shovels; Crawlers; Excavators.

COMO (115,000 sq. ft.) — Diesel Engines; Tractor Components.

FABBRICO (380,000 sq. ft.) — R3000, R5000, R7000, R8000 DT5000, DT7000, DT8000 Landini 2- and 4-Wheel Drive Agricultural Tractors; C4000, C5000, C15000. C18000 Landini Agricultural and Industrial Crawler Tractors; MF44, MF Super 44, MF244, MF3366 Agricultural and Industrial Crawler Tractors.

MEXICO

QUERETARO (145,000 sq. ft.) — MF165 Tractors.

SOUTH AFRICA

VEREENIGING (440,111 sq. ft.) — Maize Harvesters, Mouldboard, Disc and Chisel Plows; Harrows; Cultivators; Tillers; Rotary Hoes; Maize, Cotton and Peanut Planters; Bean Lifters; Toolbars; Earth Scoops; Subsoilers; Multi-purpose Blades; Combination Cutter Hammermills; Rotary Cutters; Animal Draft Implements; Hay Rakes, Buckets, Graders; Loaders and Loader Attachments.

RHODESIA

BULAWAYO (55,500 sq. ft.) Animal Draft Implements; Hoes; Groundnut Shellers.

UNITED KINGDOM

BAGINTON (359,433 sq. ft.) — Machining of tractor components.

COVENTRY (Banner Lane) (1,465,926 sq. ft.) MF135, MF165, MF175S, MF178 Agricultural Tractors; MF2135, MF3303, MF3305 Semi-Industrial Tractors; MF2203, MF2205 Industrial Tractors.

KILMARNOCK (762,976 sq. ft.) — MF400; MF410; MF415, MF510, MF515 and MF788 Combines; Potato Harvesters; Mowers.

MANCHESTER (Barton Dock Road) (510,867 sq. ft.) — Drills; Fertilizer Attachments; Front-End Loaders; Shovels and Diggers.

UNITED STATES

ALGOMA (74,840 sq. ft.) — MF7, MF10 and MF12 Garden Tractors; Rotary Mowers; Rotary Tillers.

DES MOINES (North American Implement Plant) (570,000 sq. ft.) — Corn Heads; Rotary Hoes; Drills; Planters; Listers; Disc Harrows; Chisel Plows.

AKRON (Industrial and Construction Machinery Plant) (359,000 sq. ft.) 2- and 4-Wheel Drive Industrial Tractors and Loaders; Crawler Dozers and Loaders; Fork Lifts; Tractor-mounted Backhoes and Loaders; Tractor Shovels; Landscaping Equipment.

DETROIT (North American Tractor Plant) (550,027 sq. ft.) — MF135, MF150, MF165, MF175, MF180, MF1100 and MF1130 Agricultural Tractors; MF2135, MF2200, MF3165 Industrial Tractors.

DETROIT (Transmission and Axle Plant) (314,010 sq. ft.) —Transmissions and Axles for tractor assembly plant and Components for other plants.

FOWLER (68,572 sq. ft.) — Cultivators; Disc Harrows; Spring Tooth Harrows; Reversible Disc Plows; Tool Carriers; Fork Lifts; Utility and Terrace Blades.

KAUKAUNA (Main Plant) (67,574 sq. ft.) — Badger Barn Cleaners; Silo Unloaders; Tube and Bunk Auger Feeders; Chain Conveyors; Dump Carts; Components for other Kaukauna and Algoma Plants.

KAUKAUNA (North Plant) (33,600 sq. ft.) — Self-Unloading Boxes; Forage Harvesters and Blowers; Mixer Mills; Silage Distributors; Forage Wagons; Hay and Corn Heads.

ENGINES GROUP

AUSTRALIA, Dandenong (16,160 sq. ft.) Assembly of industrial diesel engines; engine reconditioning.

BRAZIL, Sao Paulo (15,000 sq. ft.) — Diesel Engines.

FRANCE, Paris (152,500 sq. ft.) — Diesel Engines.

UNITED KINGDOM, Fletton (130,000 sq. ft.) — V8-510 Diesel Engines Peterborough (Eastfield) (1,133,620 sq. ft.) High Speed Diesel Engines for marine, automotive, agricultural and industrial purposes; Peterborough (Queen St.) (120,510 sq. ft.) — Engine reconditioning; Peterborough (Walton) (169,500 sq. ft.) — Gears and Engine Components.

ASSOCIATED COMPANIES

INDIA, Tractors and Farm Equipment Limited, Madras (88,500 sq. ft.) — MF35 Tractors and Implements.

SPAIN, Motor Iberica S.A., Barcelona (848,000 sq. ft.); Madrid (90,000 sq. ft.); Noain (112,000 sq. ft.) Zaragoza (95,000 sq. ft.).

ARGENTINA, Perkins Argentina S.A.I.C., Buenos Aires; Cordoba (144,500 sq. ft.).

MEXICO, Motores Perkins S.A., Mexico City; Toluca (78,000 sq. ft.).

THE MASSEY-FERGUSON GROUP OF COMPANIES

BRAZIL

- MOTOTRAC-MAQUINAS e MOTORES LIMITADA
  Sao Paulo, Brazil
  - MASSEY-FERGUSON DO BRASIL S.A.
    Sao Paulo, Brazil
  - MINUANO, S.A.
    Porto Alegre, Brazil
  - MOTORES PERKINS S.A.
    Sao Bernardo de Campo, Brazil

ARGENTINA

- COMPANIA Massey-Ferguson S.R.L.
  Buenos Aires, Argentina

MEXICO

- MASSEY-FERGUSON de MEXICO, S.A. de C.V.
  Mexico, D.F., Mexico

SOUTH AFRICA AND RHODESIA

- MASFERGO HOLDINGS (SOUTH AFRICA) (PROPRIETARY) LIMITED
  Vereeniging, South Africa
  - MASSEY-FERGUSON (SOUTH AFRICA) LIMITED
    Vereeniging, South Africa
    - SOUTH AFRICAN FARM IMPLEMENT MANUFACTURERS LIMITED
      Vereeniging, South Africa
    - RHODESIAN PLOUGH AND MACHINERY COMPANY (1948) LIMITED
      Bulawayo, Rhodesia
- PERKINS ENGINES (PROPRIETARY) LIMITED
  Johannesburg, South Africa

AUSTRALIA

- MASSEY-FERGUSON HOLDINGS (AUSTRALIA) LIMITED
  Sunshine, Australia
  - MASSEY-FERGUSON (AUSTRALIA) LIMITED
    Sunshine, Australia
    - CRICHTON INDUSTRIES PTY. LTD.
      Bundaberg, Australia
- PERKINS ENGINES PTY. LIMITED
  Victoria, Australia

CORPORATE

FARM MACHINERY

MF INDUSTRIAL & CONSTRUCTION MACHINERY

ENGINES

Massey-Ferguson Limited, the Canada-based parent company, has three main product groups. Above is the MF corporate symbol embracing the three product groups, together with the symbols and trade marks which identify the groups individually.

Massey-Ferguson Limited

Board Members — Affiliations

Albert A. Thornbrough
President and Chief Executive Officer

President—Massey-Ferguson Limited.
Director and Member Executive Committee—
Canadian Imperial Bank of Commerce.
Director—Argus Corporation Limited,
Crown Trust Company.
Governor—University of Guelph.

E. P. Taylor
Chairman, Executive Committee

President—The New Providence
Development Company Limited.
Director—Argus Corporation Limited,
The Royal Bank of Canada,
Domtar Limited,
Canadian Breweries Ltd.,
British Columbia Forest Products Ltd.
Governor—McGill University.

The Marquess of Abergavenny
Deputy President to HRH
Princess Alexandra, The President
The Royal Agricultural
Society of England 1968,
Director—Lloyds Bank Limited.

Henry Borden, Q.C.
Consultant and Director—Brazilian Light and
Power Company Limited.
Chairman—British Newfoundland Corporation
Limited,
Director—The Bell Telephone Co. of Canada,
International Business Machines Co. Ltd.,
Canadian Imperial Bank of Commerce.
Chairman, Board of Governors—
University of Toronto.

H. J. Carmichael
Director—Continental Can Co. of Canada Ltd.,
Argus Corporation Limited,
Canada Permanent Trust Company.

Lord Crathorne
Privy Councillor—United Kingdom.
Minister of Agriculture and Fisheries, 1951-54.
Past Vice President—Council of Europe.
Member of Standing Committee and
Past Vice President—N.A.T.O. Parliamentarians
Conference.

Hon. Leslie M. Frost, Q.C.
Vice President and Director—Bank of Montreal,
Director—Lever Brothers Limited,
The Canada Life Assurance Company.
Member of Privy Council.
Chancellor of Trent University,
Peterborough, Ontario.
Governor—University of Toronto.
Premier of Ontario, 1949-61.

Charles L. Gundy
Chairman—Wood Gundy Securities Limited.
Director—Simpsons Limited,
Simpsons-Sears Limited,
Abitibi Paper Co. Ltd., Domtar Limited,
Canada Cement Company Limited,
Canada Iron Foundries Limited,
Dominion Life Assurance Company.
Chairman—Hospital for Sick Children, Toronto.

Gilbert W. Humphrey
Chairman—The Hanna Mining Company,
Cleveland, Ohio.
Director—National Steel Corporation,
General Electric Company,
Texaco Inc.
Algoma Steel Corporation Limited,
Sun Life Assurance Company of Canada.

John D. Leitch
Chairman—Maple Leaf Mills Limited.
President—Upper Lakes Shipping Ltd.
Director—Dominion Foundries and Steel, Ltd.,
Canada Life Assurance Company.
Governor—York University, Toronto.

A. Bruce Matthews
Chairman—Excelsior Life Insurance Company,
Canadian Breweries Ltd.,
Vice President and Director—Argus
Corporation Limited, and
The Toronto-Dominion Bank.
Governor—University of Toronto.
Chairman—Toronto Western Hospital.

John A. McDougald
Chairman and President—Crown Trust Company.
Chairman of the Board and of the Executive
Committee—Dominion Stores Limited.
Chairman of the Executive Committee and
Vice President—Argus Corporation Limited, and
Hollinger Consolidated Gold Mines, Ltd.
Director and member of the Executive Committee
Canadian Imperial Bank of Commerce.
President—1967, Royal Agricultural Winter Fair,
Canada.

Maxwell C. G. Meighen
President—Canadian General Investment Ltd.
Vice President—The Canada Trust Company.
Director—The Algoma Steel Corp., Ltd.,
Argus Corporation Limited,
The Royal Bank of Canada.

W. K. Mounfield
Assistant Secretary—
Massey-Ferguson Limited.

K. C. Tiffany
Senior Vice President,
Vice President Finance and
Administration—Massey-Ferguson Limited.
Director—Johnson Bronze Company,
New Castle, Pennsylvania.

H. A. Wallace
Vice President Manufacturing—
Massey-Ferguson Limited.

Thomas M. Ware
Consultant—International Minerals & Chemical
Corporation, Skokie, Illinois.
Trustee—American Freedom From Hunger
Foundation, and the National 4-H Foundation
Director—The Foundation For American
Agriculture,
Member—Committee for Economic Development

Colin W. Webster
President—Canadian Import Limited.
Director—Sun Life Assurance Company
of Canada,
The Royal Bank of Canada,
Dominion Textile Company Ltd.

Sampson-Matthews Limited